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FISCAL IMPACT STATEMENT

LS 7050

BILL NUMBER: HB 1538

NOTE PREPARED: Jan 13, 2015

BILL AMENDED:

SUBJECT: Regulation of Dams.

FIRST AUTHOR: Rep. Friend

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that in determining the hazard classification of a dam, the Department of Natural Resources (DNR) may consider only the potential consequences resulting from the uncontrolled release of a dam's contents due to a failure of the dam to certain properties that were present at the time the dam was built.

The bill provides that if a dam is later modified to impound a greater volume of water, the DNR shall determine the dam's hazard classification based on the potential consequences resulting from the uncontrolled release of the dam's contents due to a failure of the dam at the time the modification is completed.

The bill allows the owner of a dam built, modified, or altered before July 1, 2015, to apply to the DNR to determine the dam's hazard classification. It makes a conforming change.

Effective Date: July 1, 2015.

Explanation of State Expenditures: *Summary:* This bill would be expected to increase the inspection expense associated with required DNR inspections of significant hazard and low hazard dams. The DNR reported that the dam inspection program is currently relying on an outside contractor and staff from other programs in order to attempt to meet the current minimum annual inspection requirements. An increase in the number of dams required to be inspected would be expected to increase the cost of the dam inspection program. The increased expense would be offset somewhat by the increase in fee revenue.

Additional Information: The 2013 National Inventory of Dams includes 927 dams in Indiana; of these, 272

are classified as high hazard dams. An almost equal number (268) are classified as significant hazard dams. Under current law, high-hazard dams are required to have an engineer inspect the dam every 2 years. The owner of the dam pays for the inspection. DNR is allowed to make compliance inspections. DNR staff perform the engineering inspections on significant hazard dams every 3 years. The DNR charges an inspection fee of \$200. Low hazard dams are required to be inspected every 5 years by DNR; the inspection fee is \$100.

Explanation of State Revenues: This bill would be expected to increase the revenue associated with dam inspection fees. A reclassification of high hazard dams to the lower classification of significant hazard dams would increase the number of dams that are required to be inspected by DNR every 2 years. Significant hazard dam inspection fees are \$200. The number of high hazard dam owners that would apply for and meet the criteria for reclassification is not known. DNR collected \$15,550 in dam inspection fees in FY 2014.

Explanation of Local Expenditures: Local units of government that own a high hazard dam could see a decrease in inspection expense if their dams meet the criteria for reclassification and they choose to apply to reclassify the structure.

Explanation of Local Revenues:

State Agencies Affected: DNR.

Local Agencies Affected: Local units of government that may own a high hazard dam

Information Sources: Auditor's Data Base, Fund #37510-425771; National Inventory of Dams at: http://geo.usace.army.mil/pgis/f?p=397:3:0::NO::P3_STATES:IN (Accessed on 1/11/2015.)

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